

Message Text

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ACTION SS-30

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC NIACT IMMEDIATE 4738

S E C R E T TEHRAN 8624

EXDIS

DEPT PASS SECDEF, USCINCEUR, CNO, CINCPAC, JCS

E.O. 11652: GDS

TAGS: MARR, IO, IR

SUBJECT: INDIAN OCEAN TASK GROUP

REF: TEHRAN 8507

1. FOLLOWING MEETING BETWEEN ALAM, EQBAL AND ATTAIE DEC 5, (REFTEL PARA 1A) ALAM ASKED AMBASSADOR TO SEND EMBASSY OFFICERS TO MEET WITH DR PARVIZ MINA OF NIOC FOR FURTHER DISCUSSION. EMBOFFS AND NAVATT MET WITH MINA AND NIOC REPS DEC 6. FOLLOWING PARAS SUMMARIZE MAIN POINTS:

A. SUPPLY. MIN EMPHASIZED TIGHTNESS OF PRESENT SITUATION. FUEL FURNISHED TO USN HERETOFORE AND TOBE LOADED ON SS TROJAN DEC 10 MUST BE QTE SQUEEZED UNQTE FROM STOCKS FOR DOMESTIC CONSUMPTION. OWING TO DELIVERIES TO USN AND TO AUGMENTED RATE OF GROWTH OF IRANIAN CONSUMPTION (FROM 12 PERCENT LAST YEAR TO 20 PERCENT THIS YEAR), STOCKS ON HAND HAVE BEEN REDUCED FROM NORMAL 45-DAY TO 20-DAY SUPPLY. AFTER LOADING TROJAN, MINA SAID, IT WILL BE EXTREMELY DIFFICULT TO DRAW DOWN DOMESTIC STOCKS FURTHERGDM

B. NIOC-CONSORTIUM RELATIONS. BY SHIFTING FUEL FROM QUANTITY ALLOCATED TO NIOC FOR DOMESTIC CONSUMPTION TO ACTUAL NIOC EXPORT, NIOC IS IN VIOLATION OF ITS AGREEMENT WITH CONSORTIUM COMPANIES. EXPOSURE OF THIS VIOLATION

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COULD PROVE VERY EMBARRASSING TO BOTH SIDES AND PROVOKE PROTEST

BY COMPANIES MINA SAID AT LEAST PART OF POST-TROJAN DELIVERIES WOULD HAVE TO BE DRAWN FROM QUANTITY ALLOCATED TO CONSORTIUM.

C. PRICE. NIOC IS WORKING UP A GOING MARKET PRICE FOR FUEL WHICH WILL BE CHARGED FOR TROJAN DELIVERY AND ALL SUBSEQUENT LOADINGS. FIGURE WILL BE DERIVED FROM SEVERAL FACTORS, INCLUDING PRICE-PER-BARREL ACHIEVED IN CURRENT AUCTION OF CRUDE AND AVERAGE RATES FOR PERSIAN GULF BUNKERS.

D. LEAD TIME FOR TANKER ARRIVALS. NIOC REP SAID THEY MUST REPEAT MUST HAVE ONE MONTH'S ADVANCE NOTICE TO ARRANGE FOR FUEL TO BE DELIVERED, DUE LEGAL AND TECHNICAL PROBLEMS OF SCHEDULING THIS PRODUCTION AT ABADAN REFINERY. WE SAID WE THOUGHT THERE MIGHT BE ANOTHER TANKER/POL LIFT REQUESTED FOR ABOUT DECEMBER 20. NIOC REPS DID NOT INDICATE THEY COULD NOT HANDLE DELIVERIES ON THAT DATE. OBVIOUSLY, THEY WILL REQUIRE EARLIEST POSSIBLE NOTICE.

E. PORTS, NIOC REPS SAID VESSELS UP TO 25,000 TONS SHOULD GO TO ABADAN WHERE THEY CAN OBTAIN QUICKER SERVICE. LARGER VESSELS SHOULD GO TO BANDAR MAHSHUR (MAH-SHAHR).

2. IN CONCLUSION, MINA SAID HE HAD THREE URGENT REQUESTS FOR OUR SIDE:

A. NIOC MUST RPT MUST HAVE PLANNED SCHEDULE OF TANKERS ARRIVING TO LOAD FUEL AND EXACT QUANTITIES EACH TYPE FUEL FOR EACH TANKER. (WE HAVE ASKED FOR THIS INFORMATION IN VAIN. THE LONGER IT IS DELAYED THE MORE DIFFICULTY WE WILL HAVE IN ARRANGING FOR DELIVERIES.)

B. NIOC VERY MUCH NEEDS TO KNOW HOW LONG TASK GROUP WILL REQUIRE FUEL. (AGAIN, WE HAVE REQUESTED THIS INFO WITHOUT SUCCESS. WE TOLD MINA IT WAS DOUBTFUL WHETHER THERE WAS, IN FACT, FIRM DECISION ON DURATION. FOR PLANNING PURPOSES WE THOUGHT NIOC MIGHT COUNT AT LEAST ON 30-60 DAYS OPERATION. MINA SAID, PENDING ADVICE FROM US, NIOC WOULD PLAN FOR DECEMBER AND JANUARY.)

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C. AS NIOC HAS LEGAL PROBLEM WITH CONSORTIUM AND SUBSEQUENT DELIVERIES MAY HAVE TO COME FROM CONSORTIUM SHARE, MINA ASKED THAT WE EXPLAIN SITUATION TO AMERICAN COMPANIES AND ASK THEIR ASSISTANCE AND INTERVENTION WITH OTHER MEMBERS. (STATE DEPT SHOULD DO BEST TO ASSURE THAT (1) COMPANIES DO NOT PROTEST NIOC ACTION IN SUPPLYING TASK GROUP AND (2) THEY AGREE TO PROVIDE FUEL FOR TASK GROUP WHEN REQUESTED BY NIOC. IT WOULD, OF COURSE, BE PREFERABLE IF DIRECT CONSORTIUM-USN SALE

COULD BE ARRANGED.)

COMMENT: IT IS PLAIN THAT THE PROVISION OF FUEL FOR THE TASK GROUP IS NOT THE SIMPLE MATTER IT MIGHT HAVE SEEMED FROM THE READY RESPONSE WHICH CAME FROM THE HIGHEST LEVELS OF THE GOI. IN FACT, OUR REQUEST COMES AT A VERY AWKWARD TIME. IT IS INCUMBENT ON THOSE WHO ARE MANAGING THIS OPERATION TO SHOW GREATER CONSIDERATION FOR THE IRANIAN POINT OF VIEW THAN HAS BEEN MANIFESTED IN THE PAST. WE HOPE THAT THE HIOC REQUESTS CAN BE PROMPTLY AND ADEQUATELY SATISFIED. WE WOULD LIKE TO RETURN TO NIOC FOR FOLLOW-UP DISCUSSION WITH ANSWERS IN HAND ON DECEMBER 10 OR 11.
HELMS

NOTE BY OCT: NOT PASSED SECDEF, USCINCEUR, CNO, CINCPAC, AND JCS.

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